

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 SS-15 SP-02 OES-09 L-03  
NSC-05 CIAE-00 INR-10 NSAE-00 DODE-00 TRSE-00  
/065 W

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P R 120645Z JUL 78  
FM AMEMBASSY SOFIA  
TO USDOC WASHDC PRIORITY  
INFO SECSTATE WASHDC 4896

UNCLAS SECTION 1 OF 2 SOFIA 1383

C O R R E C T E D C O P Y (TEXT)

USDOC FOR BEWT/TDAD

E.O. 11652: N/A  
TAGS: BEXP, BTIO, BU  
SUBJECT: GOB DECISION TO BUILD FIRST STAGE OF THIRD METALLURGICAL  
COMPLEX

REF: A) SOFIA 1286, B) SOFIA 1055, C) STATE 155800

1. SUMMARY: BULGARIAN NEWSPAPER (TRUD) OF JULY 7, 1978  
ARTICLE ANNOUNCED GOB COUNCIL OF MINISTERS APPROVAL OF  
DECISION TO BUILD THE THIRD METALLURGICAL COMPLEX. DURING  
MEETING ON JULY 10 WITH BULGARIAN OFFICIAL OF THE MINISTRY  
OF METALLURGY AND MINERAL RESOURCES, EMBASSY RECEIVED  
CONFIRMATION THAT MINISTRY NOW PREPARED TO OPEN DISCUSSIONS  
WITH EMBASSY AND AMERICAN FIRMS ON REQUIREMENTS FOR THE  
COMPLEX. MINISTRY WILL ARRANGE MEETING SOON BETWEEN  
EMBOFF AND DIRECTOR OF PLANNING FOR THIRD METALLURGICAL  
COMPLEX TO DISCUSS MINISTRY'S NEEDS FOR COMPLEX. END SUMMARY.

2. ON JULY 7 BULGARIAN NEWSPAPER TRUD REPORTED THAT GOB  
COUNCIL OF MINISTERS APPROVED THE DECISION TO BUILD THE  
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THIRD METALLURGICAL COMPLEX IN BURGAS DISTRICT. CITING  
ENGINEER PAVEL SHOPOV, DIRECTOR OF THE STATE ECONOMIC  
ORGANIZATION FERROUS METALLURGY, TRUD NOTED THAT THE  
DEVELOPMENT OF BULGARIAN MACHINEBUILDING DEPENDED ON THE  
PRODUCTION OF FERROUS METALLURGY. THROUGH RECONSTRUCTION,  
MODERNIZATION AND EXPANSION OF EXISTING FACILITIES THE  
GOB PLANS ON TOTAL OF 4 TO 4.2 MILLION TONS ANNUAL CAPACITY

FOR ROLLED FERROUS METALS. THE NEW METALLURGICAL COMPLEX WILL BE BUILT IN STAGES, WITH THE FIRST STAGE ROLLING MILL OF 800,000 TONS ANNUAL CAPACITY TO BE COMPLETED BY 1983. GOB INTENDS TO USE THE MOST MODERN TECHNOLOGY TO OBTAIN HIGH LEVELS OF PRODUCTIVITY, WITH PARTICULAR ATTENTION TO BE PAID TO ENVIRONMENTAL PROTECTION. THE ARTICLE CLOSES WITH STATEMENT THAT THE NEW CONSTRUCTION WILL BE COORDINATED WITH CEMA MEMBERS FOR INTEGRATION AND "BEFORE ALL WITH THE ALL-ROUND ASSISTANCE AND EXPERIENCE OF THE USSR".

3. ON JULY 10 EMBOFF THIBAUT SOUGHT CLARIFICATION OF STATUS OF THE THIRD METALLURGICAL COMPLEX FROM ZHELYU MARKOV, CHIEF OF THE INTERNATIONAL COOPERATION DEPT OF THE MINISTRY OF METALLURGY AND MINERAL RESOURCES. MARKOV STATED THAT THE COUNCIL OF MINISTERS DECISION WAS THE FINAL STEP IN THE APPROVAL PROCESS FOR THE COMPLEX AND THE MINISTRY WILL NOW UNDERTAKE SERIOUS PLANNING. MARKOV ADDED THAT THE DECISION CONFIRMS THE TIMETABLE, CAPACITIES AND STAGES OF CONSTRUCTION AS GIVEN PREVIOUSLY TO THE EMBASSY, PER REF A. MARKOV POINTEDLY COMMENTED THAT THE DECISION DID NOT STIPULATE THE FIRMS OR TYPE OF EQUIPMENT TO BE USED; THE MINISTRY WILL DECIDE THESE MATTERS. UNDER QUESTIONING MARKOV OFFERED THE FOLLOWING DETAILS FOR THE FIRST STAGE ROLLING MILL OF TYPE 300 AS 800,000 TONS ANNUAL PRODUCTION FOR SMALL SIZED PROFILES (ESTIMATED DIAMETERS OF 16-60MM) FOR END USE IN MACHINEBUILDING.

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4. WE NOTED THAT THE DECISION TO BUILD THE COMPLEX RAISED THE QUESTION OF OPPORTUNITIES FOR AMERICAN FIRMS TO DISCUSS ENGINEERING DESIGN PROJECTS FOR THE COMPLEX AND THE OPENNESS OF COMPETITION FOR THE SALE OF EQUIPMENT. MARKOV STATED THAT HE PREFERRED THAT ANTANAS MARKOV, DIRECTOR OF PLANNING FOR THE COMPLEX DEAL WITH SPECIFICC QUESTIONS, BUT THE MIN-

ISTRY INTENDS TO DISCUSS ENGINEERING DESIGN AS THE FIRST PRIORITY TOPIC. HE ADDED THAT IT IS HIS UNDERSTANDING THAT SEVERAL ENGINEERING FIRMS WILL BE USED FOR DESIGNING THE FIRST STAGE, BUT STATED THIS IS SUBJECT TO CONFIRMATION BY DIRECTOR A. MARKOV. Z. MARKOV SAID THAT EQUIPMENT AND TECHNOLOGY REQUIREMENTS REMAIN OPEN TO DISCUSSION, AND ALTHOUGH THE MINISTRY HAS SOME GENERAL CONCEPTS IN MIND, THE SPECIFIC REQUIREMENTS SHOULD FOLLOW THE DESIGN STAGE.

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5. MARKOV TOOK CAREFUL NOTES OF OUR QUESTIONS ON THE COMPLEX FOR HIS LATER DISCUSSION WITH DIRECTOR MARKOV. HE SUGGESTED, BEFORE WE ASKED, THAT HE ARRANGE A MEETING FOR EMBOFF WITH DIRECTOR MARKOV TO DISCUSS THE CURRENT SITUATION AND REQUIREMENTS FOR THE THIRD METALLURGICAL COMPLEX. WE EXPECT TO HAVE A MEETING LATER THIS WEEK. REQUEST ANY GENERAL REQUIREMENTS FOR USE AT THIS MEETING BE FORWARDED ASAP. ALSO REQUEST STATUS OF DIRECTOR MARKOV'S PRDFIOUS INQUIRY ON NAMES OF AMERICAN FIRMS INTERESTED IN CONSULTATIONS FOR THE CONSTRUCTION OF A CHEMICAL PLANT TO HANDLE BY-PRODUCTS OF METALLURGICAL PROCESSES, PER REF B, PARA 4B.

6. MARKOV AND EMBOFF AGREED THAT DISCUSSIONS AND REQUIREMENTS LISTS ON THE COMPLEX WILL BE HANDLED SEPARATELY FROM THE OTHER ITEMS OF INTEREST TO THE MINISTRY. WE REQUESTED THIS PROCEDURE AS MARKOV IS NOT FAMILIAR ENOUGH WITH REQUIREMENTS ON THE COMPLEX TO PROVIDE ANSWERS TO OUR QUESTIONS AND IT WILL BE BETTER PROCESS FOR THE NEAR AND LONG TERM TO HAVE THE OPPORTUNITY TO MEET DIRECTLY WITH DIRECTOR MARKOV.

7. AT THIS MEETING MARKOV REQUESTED A DELAY OF SEVERAL DAYS FOR A MEETING TO DISCUSS THE MINISTRY'S RESPONSES TO DOC'S QUESTIONS RAISED IN REF C.  
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8. COMMENT: IN GENERAL TERMS COUNCIL OF MINISTERS DECISION CONFIRMS INFORMATION WE HAVE REPORTED PREVIOUSLY FROM DISCUSSIONS WITH MINISTRY OFFICIALS. WE DO NOTE THAT THE FINAL DECISION HAS TAKEN PLACE MUCH SOONER THAN DIRECTOR

MARKOV EARLIER LEAD US TO BELIEVE WOULD BE THE CASE, WHEN HE STATED  
THEY EXPECTED A FINAL DECISION BY THE END OF 1978. ALSO,  
DIRECTOR MARKOV PREVIOUSLY NOTED THAT THEY WANTED THE FIRST  
STAGE ROLLING MILL IN OPERATION BY 1982 OR 83; WE NOTE

THAT THE LATER DATE WAS CITED IN THE TRUD ARTICLE.  
GARTHOFF

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